USDA United States Department of Agriculture

Rural Development

Presented by Keith B. Adams

Oregon Outreach Workshop

RUS Telecommunications Programs

Rural Development Mission

Rural Development is committed to helping improve the economy and quality of life in rural America.

We offer **loans, grants, and loan guarantees** that support essential services, such as:

- Housing

- Economic Development

- Health Care

- First Responder Services and Equipment

- Water, Electric, and **Telecommunications Infrastructure**

Rural Development Background

Rural Development divided into three agencies with unique programs and objectives:

- **Rural Utilities Service (RUS)**

- Rural Housing Service (RHS)

- Rural Business-Cooperative Service (RBS)

Across the three agencies, Rural Development administers over 40 programs.

- RUS Electric and **Telecommunications** programs are administered out of the National Office

- All RHS and RBS programs are administered out of the State Office

Telecommunications Programs History

From electricity to broadband...

1930s	• Rural Electrification Administration (REA) began providing financing to promote rural electrification
1949	• REA received authority to finance telephone service in rural communities
1995	• Evolving from the REA, the Rural Utilities Service (RUS) required that all financed telecommunications networks have the capacity to deliver broadband
2009 to present	• RUS has invested **over $6.8 billion** in loans and grants to build out broadband infrastructure in rural areas

Telecommunications Loan Programs

Infrastructure Program	**Farm Bill Broadband Program**
• $690 million available in FY 2016	• $20 million available in FY 2016
• Loans finance new and improved telecommunications infrastructure in rural communities of 5,000 or less	• Loans finance the costs of constructing a broadband network serving rural communities of 20,000 or less (not located in urbanized area contiguous/adjacent to a community over 50,000)
	• Eligible service areas contain at least 15% unserved areas with no part of the service area overlapping with 3 or more incumbent service providers or a current RUS borrower or grantee (there are certain exceptions)

Telecommunications Loan Programs Update

Infrastructure Program	Farm Bill Broadband Program
• FY 2015 -- **17** loans approved: **$245 million**	• New regulation and NOSA were published July 30, 2015
• FY 2016 -- **1** loan approved: **$30 million**	• FY 2015 Application Window closed September 30, 2015
	• 15 loans in process: $118 million
• FY 2016 -- **15** loans in process: **$185 million**	• FY 2016 Application Window will open soon. **Stay tuned for the FY 2016 NOSA!**
• Applications are accepted year round	

Telecommunications Loan Programs -- Did You Know?

Standard Loan Terms include:

- 2 Year Principal Deferral

- Interest Rate at the Cost-Of-Money

- Loan Maturity - Life of the Facilities Financed Plus 3 Years

Modified Loan Terms for Serving a Substantially Underserved Trust Area (SUTA) include:

- At the discretion of the Administrator, RUS can modify certain loan terms or application requirements, which may include:

  - Interest rates as low as 2%, extended amortization period, and/or priority over projects that do not serve trust areas

Staff can assist and review loan applications before submission.

Telecommunications Farm Bill Loan Program -- Did You Know?

Unserved is defined as areas lacking access to Broadband Service of 4 meg down/ 1 meg up.

Applicant Priority is given to applications demonstrating the greatest proportion of unserved households.

Special Terms and Conditions may apply to applications where over 50% of the households are unserved, which may include:

- up to 4 year principal deferral

- 25% extension to the amortization period of the loan up to 35 years

Telecommunications Grant Programs

Community Connect Program	Distance Learning and Telemedicine Program

• **$10.3 million** available in FY 2016
 	
 • Grants cover the costs to construct broadband networks in rural communities of 20,000 or less (not located in urbanized area contiguous/adjacent to a community over 50,000)
 	
    • Service Area must be entirely unserved
    • Broadband Service is defined as 3 Mbps (download plus upload)
    • 15% Matching Requirement
	• **$19 million** available in FY 2016
	
	 • Grants fund equipment needed to provide Distance Learning and Telemedicine services
	
	    • 15% Matching Requirement

Telecommunications Grant Programs Update

Community Connect Program	**Distance Learning and Telemedicine Program**
• FY 2015 – **68** applications submitted**: $106 million**	• FY 2015 -- **191** applications submitted: **$38 million**
• FY 2015 – **5** applications approved: **$11 million**	• FY 2015 – **75** applications approved: **$23 million**
• Anticipated FY 2016 funding window to open in the spring	• FY 2016 Application Window opened January 12, 2016 and **will close March 14, 2016**
	• Applications are being reviewed as they are submitted

Telecommunications Grant Programs – Did You Know?

Special Consideration provided under both grant programs to projects serving tribal communities.

- 15 additional points in FY 2014 and 2015

DLT Program Special Consideration provided for tribes, Strikeforce, and Promise Zones.

- 15 additional points in FY 2016

Telecommunications Programs Rural Investments

Since 2009, RUS has invested over $6.8 billion in projects serving rural communities:

Telecom Infrastructure	$2.8 billion
Farm Bill Broadband	$339 million
Community Connect	$77.3 million
Distance Learning and Telemedicine	$42.6 million
Broadband Initiatives Program	$3.5 billion

Rural Utilities Service Telecommunications Key Contacts

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